

AGREEMENT by and between
EVERETT SHIPYARD, INC.
and
PACIFIC NORTHWEST REGIONAL COUNCIL OF CARPENTERS

This agreement is made by and between EVERETT SHIPYARD, INC., hereinafter called the "EMPLOYER" and PACIFIC NORTHWEST REGIONAL COUNCIL OF CARPENTERS, hereinafter called the "UNION".

ARTICLE 1

Scope of Agreement

- (a) The Employer recognizes the Union as the sole and exclusive bargaining agent for all employees in the following classifications: Carpenters, Shipwrights, Joiners, Marine Millmen, Boatbuilders, Stage Riggers, Wood Caulkers, Boatmen, Leadermen, Helpers and Apprentices.
- (b) This agreement shall govern the wages and working conditions of all such employees engaged in ship and vessel repair, construction and/or conversion or scrapping and shall apply to all work and activities of the Employer in connection therewith.
- (c) The Employer recognizes the Union as the sole and exclusive bargaining agent for all such production employees, excluding Boilermakers, Operating Engineers, Laborers, Office Clerical employees, Maintenance employees, Guards and Supervisors as defined in the Act.

ARTICLE 2

Hiring

- (a) The Employer recognizes the Union as the sole and exclusive bargaining agent for all carpenters, shipwrights, joiners, marine millmen, boatbuilders, stage riggers, wood caulkers, loftsmen, helpers and apprentices.
- (b) The Employer agrees that when additional employees are required, the Union will be given as much advance notice as possible, but not less than twenty-four (24) hours, so that the Union may have a reasonable opportunity to refer applicants for employment. The period of notice will commence when the Union receives such notice by telephone from the Employer. If the union cannot provide applicants for employment for any reason within the above twenty-four (24) hours, then the Employer may secure employees from any source.
- (c) The Employer may request any unemployed worker by name and the Local Union shall refer such person after compliance with Article 2 (b)

(d) In an effort to preserve a drug free and safe workplace, the Employer will drug test all non-seniority recalls and new hires unless such can provide proof of passing a drug test in the last 30 days.

(e) Newly hired employees or former employees within thirty-one (31) days from the date of their employment shall, as a condition of continued employment with the Employer, become members of the Union and maintain their membership in good standing therein. If an employee fails to become a member of the Union by the thirty-first (31) day from the date of his employment, he shall be terminated by the Employer upon written request of the Union. The employer will provide the option of voluntary Union dues deduction for any employee.

(f) The Employer may refuse to employ any person or may discharge any employee for just and sufficient cause.

(g) When and if changes are made in existing laws to promote a different degree of union security, either party to this Agreement may notify the other to meet to negotiate possible amendments to Article 2 hereof.

(h) The Employer and Union agree that there will be no discrimination in employment because of race, color, religion, national origin, age, sex, covered veteran status or irrelevant handicap.

(i) Because of the distance of Everett Shipyard, Inc. from the Union Hall, whenever possible the dispatching process will be accomplished by telephone, by fax, or by mail.

(j) Union Dues Check-off Assignments: In accordance with the terms of an individual and voluntary authorization for check-off membership dues in the form permitted by the provisions of section 302c of the Labor Management Act, as amended, the employer agrees to deduct for working dues an amount of wages once each week which has been or will be in the future authorized by the membership. The working dues which are deducted shall be paid monthly by the 15th day of the month following the month in which they are deducted. The Employer will remit the Union dues deducted on the transmittal forms used for fringe benefit contributions and that the pro-rata costs of such forms and the collection and accounting thereof, including any costs incurred by the administrator for acting as authorization depository will be paid by the Union to the fringe administrator. Dues deduction may be changed once a year on the anniversary date of the contract.

ARTICLE 3

Seniority

For the purposes of layoff, the principle of seniority is hereby established for employees in the bargaining unit.

(a) Employees shall be entitled to seniority when they have completed at least fifteen hundred (1,500) hours of service to the employer in two (2) consecutive years.

(b) An employee's seniority rights under this Article shall be terminated under the following conditions:

- (1) If the employee is discharged for cause.
- (2) If the employee quits.
- (3) If the employee fails to report to work at the time specified by the Company or within 48 hours (Saturday, Sunday, and Holidays excluded) after the Company places a telephone call or mails a notice to the last telephone number or address shown on the Company's records, whichever is later in time. The Union shall be notified when such recall notice is sent to the employee.
- (4) Any employee absent for three (3) consecutive working days or more without notification and without furnishing a justifiable reason for such absence shall be considered to have voluntarily terminated his employment. Exceptional cases will be handled on their merit.
- (5) If the employee is off the active Employer payroll for a period of more than six (6) months for any reason whatsoever.

(c) The employer shall be entitled to retain Leadmen and classifications above Leadmen paid on an hourly rate without regard to seniority.

(d) Seniority shall apply by classification of the craft or Union as set forth in this agreement, and by such sub-classifications as may be agreed upon by the Company and the Union.

(e) On layoffs in any classification or agreed sub-classification, the following factors shall apply:

- (1) Demonstrated skill and ability.
- (2) Length of continuous seniority with the Employer in the classification where factor (1) is equal between employees to be laid off then factor (2) shall prevail.

ARTICLE 4

Leadmen

Leadmen shall be selected as far as practicable from the classifications they are supervising, and shall be members of the Union. The activity and assignments of Leadmen shall not be restricted, nor shall any regular Leaderman's pay be reduced to that of a Journeyman when working overtime, nor shall Leadmen be used to displace Journeymen when working overtime. Leadmen shall be paid at least eighty-five cents (\$0.85) per hour above the Journeyman rate of Schedule A.

ARTICLE 5

Day Shift Hours

Forty (40) hours shall constitute a work week, eight (8) hours per day, five (5) days per week, Monday thru Friday, between the hours of 6:00 a. m. and 6:00 p. m., or ten (10) hours per day, four (4) days per week, Monday thru Thursday or Tuesday through Friday, between the hours of 6:00 a. m. and 6:00 p. m., except that where as to any locality or as to any plant of any Employer existing conditions render it desirable to start the day shift at an earlier hour, such starting time may be made earlier by agreement between the Employer and the Union.

Employees can individually make themselves eligible to work any three (3) consecutive days including Saturday's and Sunday's of twelve (12) hours followed by a minimum of two consecutive days off. Completion of 36 hours of work will be compensated as 40 hours straight time pay and shall also be used for vacation, holiday, pension and health and welfare contributions. However, failure to work the three consecutive twelve hour shifts will result in compensation, vacation and benefits to be based on actual hours worked. Employees who are working the 3 – 12 shift can give 30 days notice that they no longer want to work this shift and they will be moved to another shift if work is available.

ARTICLE 6

Shifts

(a) The regular starting time of the day shift shall be between six (6) and eight (8) a.m., except that where, as to any locality or as to any plant of the Employer, existing conditions render it desirable to start the day shift at a different hour, such starting time may be changed by agreement, between the Employer and the Union, or if dictated by tides for haul-out/railway.

(b) Employees transferred from one shift to another, unless relieved from work at least a full shift as set forth herein, before starting their new shift, shall be paid the overtime rates for the first such shift worked. No employee shall be transferred from his regular assigned shift to another shift more than once a work week, except however, he may be returned to his regular assigned shift, except in extreme emergency or shortage of manpower.

(c) Employees required to work past the quitting time of their regular shift, unless relieved from work at least a full shift as set forth herein before starting to work on their next regular shift, shall be paid the overtime rate for the next such shift. However, in the event an employee is advised to report to work later than his normal starting time for the purpose of allowing him at least a full shift relief, he shall be guaranteed a minimum of eight (8) hours straight time pay for that shift.

(d) Day Shift: An eight and one-half (8-1/2) hour or ten and one-half (10-1/2) hour period less thirty (30) minutes for meals on the employee's time. Pay for a full shift period shall be a sum equivalent to eight (8) or ten (10) times the regular hourly rate with no shift premium.

(e) Second Shift: An eight and one-half (8 1/2) hour period less thirty (30) minutes for meals on employee's time. Pay for a full second shift period shall be a sum equivalent to eight (8) times the regular hourly rate as set forth in Schedule A, plus fifty cents (\$0.50) per hour second shift premium.

(f) Third Shift: An eight (8) hour period less thirty (30) minutes for meals on the employee's time. Pay for a full third shift period shall be a sum equivalent to eight (8) times the regular hourly rate as set forth in Schedule A, plus one dollar (\$1.00) per hour third shift premium.

ARTICLE 7

Wage Scales

(a) The wage rates herein established are minimum rates only, and shall not prohibit the Employer from paying premium wage rates to any of his employees.

(b) Where an employee is receiving a premium wage rate at the time a general increase in wages becomes effective, such employee shall receive such general increase.

(c) The granting of a premium wage rate to any employee and the elimination of such premium wage rate shall remain the sole prerogative of the Employer. However, this Section shall not be used to avoid payment of a negotiated wage increase to premium men.

ARTICLE 8

Overtime, Penalty Pay and Reporting Pay

(a) Employees who report for work on their regular shift or report when called for work not contiguous with their regular shift shall be paid a minimum of four (4) hours pay for so reporting. If put to work and worked more than four (4) hours, they shall be paid for actual hours worked at the regular rate of pay; provided, however, that if failure to be put to work is because of power shut-off, breakdown of machinery or equipment or other circumstances beyond the direct control of the Employer, the foregoing shall not apply and only the actual time worked shall be paid.

(b) If called to work on Sunday, or a day designated as a "paid or unpaid holiday", employees will be paid a minimum of two (2) hours pay for so reporting.

(c) Employees who voluntarily quit or lay off during a shift, or who are discharged for cause, shall be paid only for actual time worked.

(d) LUNCH PERIODS:

1) Due to tides and/or other factors, lunch hours may be variable.

2) A lunch period shall be allowed on the employers' time if an employee is required to work in excess of two (2) hours after the end of his regular shift. Such lunch periods shall be allowed every four (4) hours.

- 3) The mid-day lunch period on Saturdays, Sundays and holidays shall not apply.

(e) All time worked over forty (40) hours per week or eight (8) hours per day, Monday through Saturday shall be paid at the rate of time and one half (1-1/2) the straight time regular day shift rate. Sunday and Holiday work shall be paid at two (2) times the straight time rate. Each week, once 40 hours of straight time work is achieved, then any hours worked over 10 hours per day Monday through Saturday shall be paid at double time (2T) the regular day shift rate. Any employees who are absent from work during the workweek at the direction of the Company, shall be considered to have worked such absences for the purposes of determining the rate of pay.

- (f) Saturday, Sunday and Holiday work is voluntary.

ARTICLE 9

Holidays

- (a) Each employee shall receive eight (8) times or ten (10) times if working 4-10's his regular straight-time hourly rate of pay for the following holidays, provided:

- 1) The employee worked his last regularly scheduled workday prior to and his first scheduled workday following the holiday.

Exception will be made in cases where absence on the work day prior to or on the work day following was due to an industrial injury, bonafide illness covered by a doctor's certificate, approved leave of absence, or temporary layoff, provided the employee's absence from work for the purpose of this exception by reason of any of the above causes is not for a total period in excess of two (2) weeks. For purposes of this Section, temporary layoff shall be considered as one of two (2) weeks or less in duration.

It is understood that any employee off work due to industrial injury or bona fide illness who is receiving time loss payments shall receive compensation under this Article in the appropriate amount to insure that the employee's compensation for the holiday does not exceed the amount he would have received if he had been working.

- 2) The employee has been in the active employ of the Employer for thirty (30) calendar days. Persons with seniority are exempt from this 30 day in active employ provision.

- (b) The following shall be recognized as the nine (9) paid holidays per year:

NEW YEAR'S DAY, PRESIDENTS DAY, MEMORIAL DAY, INDEPENDENCE DAY, LABOR DAY, THANKSGIVING DAY, FRIDAY AFTER THANKSGIVING, CHRISTMAS DAY, and DAY BEFORE OR DAY AFTER CHRISTMAS DAY

ARTICLE 10

Vacations

- 1) All seniority employees shall be eligible for vacation pay as follows:
- a. Vacation pay will be retroactive to date of hire.
 - b. Vacation pay shall be computed at the following percentages of the actual hours worked from December 1st through November 30th of each year, except for the transition period in the first year of this contract for which the vacation year shall be July 1st through November 30th, except as to third shifts - see footnote (1), multiplied by the employee's established straight time hourly wage (exclusive of shift premiums):

| | | |
|-----------------------|---|-------------|
| 1st year | - | 2 percent |
| 3rd year | - | 4 percent |
| 10th year | - | 6 percent |
| 16 th year | - | 7.5 percent |
| 20 th year | - | 8 percent |

(Footnote 1: For a full third shift worked, an employee shall be credited with eight (8) hours in computing his vacation allowance.)

(Footnote 2: Employees with seniority date of 6/30/2010 or earlier shall be paid vacation based on the greater of the vacation percentage from the table, above, or the vacation percentage at which the Employee's vacation was paid for the vacation year ended 6/30/2010.)

- c. To advance from the one percentage vacation benefit to the next higher percentage, an employee is required to work 1250 hours or more in the employ of the Employer in each vacation year. A vacation year is from December 1st through November 30th, except in the transition period in the first year of this contract for which the vacation year shall be July 1st through November 30th. For the transition period, the 1250 hours requirement will be pro-rated, such that employees who work 521 hours or more in the transition period will be credited with a year for purposes of the vacation schedule, above. (For example, an employee must work 1250 hours in three (3) vacation years to receive the four percent benefit; upon attaining the 1250 hours in the third year, the vacation benefit for that year will be four percent.) An employee working less than 1250 hours in a vacation year will remain at the vacation benefit percentage at which he began that year.
- d. Accrued vacation shall be paid once per year on or about December 15th.
- e. Vacation periods or vacation pay are not cumulative from year to year,

and the vacation shall be taken at a time mutually agreeable between the Employer and the employee.

- f. Vacation pay accruing to an employee within his vacation year as described above shall be credited to said employee upon completion of his vacation year. Credited vacation pay shall be paid as per current practice.
- g. Vacation pay will not be combined with pay for time worked on a single paycheck, thereby resulting in increased withholding tax being deducted; that is, where separate vacation paychecks are not provided, the withholding tax will be adjusted to account for the vacation payment.

ARTICLE 11

No Limits on Production

There shall be no contract, bonus, piece or task work, nor shall there be a limitation on or curtailment of production or any self-imposed restrictions placed or imposed by the Union.

ARTICLE 12

Dirty Pay

- 1) Employees covered by this Agreement required to work in tanks, bilges, sumps or under floor plates where oil or water has accumulated, or in boilers, uptakes or stacks, or in areas in the machinery spaces where an unusually dirty condition exists, shall be paid at the overtime rate for hours engaged in such unusually dirty work. A salaried supervisor and the shop steward of the lead craft will determine if unusual dirty conditions exist in the areas prior to the employee being assigned.
- 2) When cleaning or working in septic or holding tanks containing human waste where entry is required, payment shall be double time of the employee's straight time hourly wage rate, while so engaged.
- 3) In line with existing practices, the Employer will continue to provide protective devices and equipment for employees engaged in work or areas described in Sections 1 and 2 above.
- 4) When an employee is required to work on a system that has had sewage or human waste discharged through the system and has not been cleaned or purged, the employee shall be paid double time while so engaged.

ARTICLE 13

Health and Safety and Drug Testing

(a) The Employer agrees to provide and maintain safe and sanitary working conditions and to have first aid available at all times. A representative of the Employer shall be responsible for the enforcement of safety rules.

(b) The Union agrees that it will cooperate with the Employer to the fullest extent in the maintenance of safe and sanitary conditions in and about the plant, and further agrees that the violations of safety and sanitation rules are justifiable reasons for discharge or appropriate disciplinary action for any offending employee.

(c) An employee who has suffered an on-the-job injury who is sent home or to a hospital by a nurse, first aid attendant, doctor or representative of the Employer as not being able to work shall receive pay to the end of the shift on which the injury occurred.

(d) An employee who is under the influence of alcohol or drugs is a danger, not only to himself but to all employees. The employer and union wish to assist any employee with problems of alcohol or drug dependency. Any employee with such problems is encouraged to ask for such assistance. Any employee who suffers an on-the-job injury which may result in lost time will be required to submit to an alcohol and drug screening test at the option of the employer before being allowed to return to work. See Article 2 for drug testing new and returning employees.

ARTICLE 14

Shop Stewards

(a) The Union shall select and designate an employee on each shift who shall act as shop steward and be the custodian of the Union. He shall not be discriminated against for normal Union activity as long as he does not interfere with production.

(b) Authorized representatives of the Union shall be allowed admission to the plant by first reporting to the plant office. They shall at no time interfere with the progress of work.

(c) Shop Steward: There may be designated by each Union one (1) shop steward on each shift who will be granted super seniority during his respective term of office. Such shop steward shall have at least one (1) year of seniority and be qualified to perform the work available.

ARTICLE 15

Pay Day

Employees under this Agreement shall be paid once each week, at the end of their regular work shift, for all time worked during the weekly payroll period. Employees laid off or terminated shall be paid no later than the next regularly scheduled pay day.

ARTICLE 16

Travel Time, Out-of-Yard and Out-of-town Work

(a) Within Commuting Area: (Definition: includes Mt. Vernon to the north, King County to the south and Oak Harbor to the west)

1. When employees are sent to work away from the yard or regular place of employment, they shall be paid their regular shift pay while traveling except in the case of traveling to or from the yard or regular place of employment before the regular starting or after the regular quitting time of their shift; in such cases, they shall receive pay at the established overtime rate. If employees are sent to work as above on an overtime day, overtime rates would apply.
2. The Employer shall provide covered transportation or pay mileage allowance in accordance with the maximum cents per mile allowed by the Internal Revenue Service plus bridge tolls if the employee is required to furnish his own transportation from the Employer's place of business to the job site.
3. On out-of-yard jobs lasting longer than one (1) working day, the location of the job shall be considered the place of employment and the employees will be required to report direct to such job at the regular starting time of their established shift. Travel time as set forth in Paragraph 1 above and travel allowance as set forth in Paragraph 2 above, shall be paid for the first one (1) day on jobs lasting more than one (1) day.
4. Not more than eight (8) hours pay shall be paid for travel time in any one day of twenty-four (24) hours computed from the starting time of the employee's regularly assigned shift.

(b) Intermediate Area: (Definition: Tacoma, Anacortes and Bellingham areas)

1. Employee will be paid a \$35.00 expense allowance* for every day worked on a job in these areas. This expense allowance is in addition to the hourly pay for hours worked.

(c) Outside Commuting Area: (Definition: includes Bremerton, Eagle Harbor, Bangor, Keyport; does not include areas covered in (a) and (b) above.)

1. Each employee will be paid a \$70.00 expense allowance* for every overnight away from home for the term of this agreement. This expense allowance* is in addition to his hourly pay for hours worked. Employees are encouraged to economize by sharing rides, hotel rooms, etc. In the event an employee cannot share costs because only one employee is

involved, then fair reasonable expenses will be reimbursed upon presentation of receipts.

- (a) At Sea and on Sea Trial Work: When employees are required to work at sea or are assigned to vessels on trial trips, they shall receive regular shift pay, meals and room accommodations when necessary. If employees are required to work outside of their regular assigned shift hours or on Saturdays, Sundays or holidays, they shall receive the established overtime pay for such time worked.
- (b) The parties agree that in the event the Company engages in any work not governed by this Agreement, they will sit down and mutually agree to the terms and conditions.

Note: The term "yard or regular place of employment" shall include the Everett and Seattle locations.

* This expense allowance is for any and all costs including but not limited to the following: for travel time, for travel costs, for any food and lodging, for tolls, etc.

ARTICLE 17

Welding Test

When a regular employee is required to take a welding test, he or she shall be paid for the time to take the test, up to a maximum of four (4) hours.

Any welder who is required to take a welding test before employment shall be paid for the time to take the test, up to a maximum of four (4) hours, provided he or she passes the test successfully and is consequently employed by the Company.

ARTICLE 18

Apprentice and Training Program

In order that an adequate supply of competent, skilled craftsmen shall be available at all times, it is agreed between the parties hereto that an apprentice program shall be established by mutual consent of the Union and the Employer. The terms of such apprentice program shall not conflict with Federal or State Apprenticeship laws.

ARTICLE 19

Strikes and Lockouts Barred

There shall be no lockouts on the part of the Employer nor suspension of work on the part of the Union or its members. This Agreement is a guaranty that for its duration there will be neither strikes nor lockouts, and that all grievances arising under its provisions will be

settled pursuant to its grievance machinery, Article 20, "Grievances and Complaints" and Article 21, "Arbitration of Disputes". Any action of the employees in refusing to go through a picket line for their own protection in case of an officially declared strike by some Union directly working on the job, if said strike is sanctioned and approved by the Metal Trades Council, shall not constitute a violation of this clause of the Agreement.

ARTICLE 20

Grievances and Complaints

(a) Any complaint arising among the employees over the interpretation or application of any specific provision of the Agreement shall be processed as follows:

STEP 1

The shop steward, committeeman or business representative shall call any complaint, dispute or grievance to the attention of the foreman or department head within five (5) working days from the time it arises. If the complaint, dispute or grievance is not adjusted within two (2) working days after it is presented to the foreman or department head, the shop steward or committeeman shall report such complaint, dispute or grievance in writing over the signature of the complainant to his respective business representative. Such written complaint, dispute or grievance shall describe the incident involved, the provision of the Agreement alleged to be violated and the remedy requested, and shall be submitted to the general manager or other official designated by the Employer over the signature of the business representative within twelve (12) working days from the date the complaint, dispute or grievance arose.

Within five (5) working days after the general manager or other official designated by the Employer receives a communication in writing from the respective Union alleging violations of this collective bargaining agreement, the Employer shall reply to the communication in writing. If the Employer does not respond within five (5) days, the Union has the right to proceed to Step 3.

STEP 2

Within five (5) working days after the Employer replies to the communication from the Union of a violation or violations of the collective bargaining agreement, a business representative of the Union and the general manager of the Employer or other official designated by the Employer, shall meet for the purpose of adjusting such complaint, dispute or grievance. Any final decision reached by the Employer representative and the Union business representative shall be reduced to writing.

STEP 3

If no satisfactory solution eventuates from Step 2 within two (2) working days, then either party may within five (5) days thereafter request in writing a meeting be held with representatives of the Employer and the representatives of the union. Any settlement reached shall be final and binding.

STEP 4

If no satisfactory solution eventuates from Step 3 within ten (10) working days, then either party may within ten (10) days thereafter give written notice of arbitration to the other party.

Any complaint, dispute or grievance not brought up or carried forward to adjustment or arbitration as provided for in this Article shall, unless the parties otherwise agree in writing, be regarded as waived.

No employee shall refuse to work or otherwise curtail production or engage in any slowdown with employer operations because of any complaint, dispute or grievance which he may have.

If the Employer has any complaint, dispute or grievance with any Union or any employee covered by this Agreement, the Employer shall likewise avail itself to any or all of the foregoing grievance procedure steps.

The Employer will not in any way discriminate against any shop steward or committeeman for presenting any complaint, dispute or grievance to their foreman or department head or to company management in the manner provided for in this Agreement.

The Union shall advise the Employer of the names of shop stewards currently elected or appointed. The full grievance procedure as set forth herein shall be available to the Union if it feels its shop stewards have been discriminated against.

ARTICLE 21

Arbitration of Disputes

- 1) In the event the parties shall be unable to adjust any complaint, grievance or dispute involving the express terms of this Agreement, such complaint, grievance or dispute shall be referred to an impartial arbiter selected from a panel, mutually agreed upon by the parties.
- 2) Awards or settlements of grievances may or may not be retroactive as the equities of each case may demand, but in no event shall any arbitration award be retroactive beyond thirty (30) calendar days prior to the date on which the grievance was first presented to the Employer unless agreed to by both parties.

- 3) The panel will consist of no more than five (5) and no less than three (3) impartial arbiters. The panel may be modified from time-to-time by mutual agreement of the parties.
- 4) Each party shall have the right to strike a total of two (2) names from the list, and the right to strike first shall be determined by lot, or as otherwise agreed by the parties, and each party shall alternately strike one (1) name. The name remaining on the list after each party has stricken two (2) names shall be the impartial arbiter.
- 5) The Employer and the Union or Unions involved shall equally pay the arbiter's fee, the cost of any hearing room and the cost of a court reporter, if requested by the arbiter. All other expenses shall be paid by the party incurring such expense.
- 6) The decision of the arbiter shall be final and binding upon the parties. Such decision shall be limited to interpretation and application of the express terms of this Agreement and shall not change or add to any of its terms and conditions. In his decision, the arbiter shall specify whether or not the decision is retroactive and the effective date thereof.

ARTICLE 22

Jurisdictional Disputes

- a) The Union agrees that in the event any jurisdictional dispute shall arise with respect to the jurisdiction or work on any classification of employment, whether or not included in schedule attached hereto, such dispute shall be settled by the local union involved and/or the International Unions involved, and that pending the adjustment of the jurisdictional dispute there shall be no stoppage of work.
- b) The Employer agrees that work assignments will be made to the employees covered by this Agreement in accordance with his established practice.
- c) The provisions of this Article shall be equally binding upon the Employer and the Union.

ARTICLE 23

Health & Welfare Pension

Newly hired employees will not be eligible for pension contributions until they have completed 300 hours of work in a one year period. Upon the completion of the 300 hour waiting period, pension contributions shall be retroactive to the date of hire. Effective August 1, 2010 the Employer shall contribute \$2.00 per hour worked into the Union's Pension Trust for all employees classified as a Journeyman. Contributions for ninety percent (90%) journeyman will be 90% of the journeyman contribution (\$1.80) and helpers will be 70% of journeyman contribution (\$1.40).

Effective August 1, 2010 through October 31, 2010, Health and Welfare contribution shall be \$2.50 per hour worked. Effective November 1, 2010, Health and Welfare contribution shall be \$6.00 per hour worked.

Upon the failure of the Employer to make any of the payments required by Article 23, the Union may undertake economic action against such defaulting Employer to enforce prompt payment, and such action shall not be deemed to be a violation of this agreement, or any of the provisions thereof.

In the event Employer receives a notice from the Union's Pension Trust, the Union or any government or quasi-government agency that:

- (a) an increase in employee pension contribution is required, or
- (b) the Employer is required to make any additional contribution or surcharge:

then, the Employer shall remit the required additional amount to the Union Pension Trust on behalf of the Employee and make an equal reduction in the Straight-Time Hourly Wage. In the event Employer receives a notice from the Union's Pension Trust that a decrease in Employee pension contribution is permitted or the surcharge is eliminated, the Employer shall reduce the employee's pension contribution and/or discontinue payment of the surcharge and adjust the Straight-Time Hourly Wage upward by an equal amount. Any wage adjustment as a result of the foregoing must be:

- (1) In response to a written notice from the Pension Trust, the Union, or the government or quasi-government agency;
- (2) effective on the first day of the month with a minimum of five days notice; and
- (3) prospective in nature (not retroactively applied).

Any additional portion of wages can be diverted to the Health & Welfare and/or Pension by a written notice from the Union to the Employer.

ARTICLE 24

Tools

Employees will be furnished tools. The employees shall be responsible for and take all reasonable care and precaution to protect these tools from damage, loss, or theft. The Unions agree to cooperate with the Employer in exercising the intent of this Article toward employees who are negligent with property supplied to them by the Employer. The employee is required to come to work with a minimum set of tools.

Employees who do not have the minimum set of tools will be issued same and will pay for same through a payroll deduction.

The Employer shall administer a Company Tool check out system. Employees shall have sufficient time prior to the end of shift to return tools on Employers time. Determination of sufficient time shall be at the Employer's discretion.

If the Employee requires specialized tools to perform work, then that employee will furnish the Employer an inventory of such tools. If the Employer authorizes the tool inventory, that employee shall be paid twelve cents (\$0.12) per hour premium for such tools furnished.

ARTICLE 25

Jury Service

- a) An employee having been regularly employed for a period of ninety (90) days or more and on the active payroll required by law to serve as a juror shall, upon satisfactory proof to the Employer of such service rendered, be reimbursed by the Employer for his work time lost on the basis of the difference between his straight time day shift hourly job classification rate and his jury pay (excluding travel allowance), provided, however, such Employer reimbursement shall not be applicable to any period of time during which said employee-juror did not perform work for the Employer other than when prevented from doing so solely because of said jury service; and further provided that such Employer reimbursement is, in no event, to be applicable for a period of more than eight (8) hours in a standard workday, nor more than five (5) days in a standard workweek.
- b) In applying the foregoing, it is understood that if an employee is called for jury service, responds to the call and loses time, but is not accepted for service or serves and is relieved there from by the middle of his work shift, the employee will be reimbursed by the Employer for his work time lost the basis of the difference between his straight time day shift hourly job classification rate and his jury pay (excluding travel allowance) provided he returns to his job immediately and promptly reports these facts to the Employer; provided further that if an employee works his regular shift in addition to performing jury duty, he shall not be paid by the Employer under the provision of this Article.
- c) There shall be a maximum jury service benefit of eighty (80) hours for one jury term.

ARTICLE 26

Bereavement Leave

In the event a death occurs in the immediate family of any employee having been regularly employed for a period of ninety (90) days, he shall receive one day off with pay. The immediate family shall be defined as wife, husband, son, daughter, mother and father.

ARTICLE 27

Changes of Agreement

- a) The terms and conditions of the Agreement cannot be changed unless by mutual consent of both parties hereto. The parties hereto mean the parties who negotiated this Agreement.
- b) The officials executing this Agreement in behalf of the Employer and the Union warrant and guarantee that they have the authority to act for, bind and collectively bargain in behalf of the workmen employed in the classifications set forth in the Scope of this Agreement.

ARTICLE 28

Management Functions

Subject to the specific provisions of this Agreement, the management of the plant and the direction of the working force shall be the exclusive function of the Employer, provided, however, this shall not be construed as limiting the Union's rights under Article 20, "Grievances and Complaints".

ARTICLE 29

Savings Clause

- a) Should any part hereof or any provision herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation, or by any decree of a court of competent jurisdiction, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions hereof, provided, however, upon such invalidation the parties agree immediately to meet and negotiate such parts or provisions affected. The remaining parts or provisions shall remain in full force and effect.
- b) Job Classification Award- Should any award be rendered giving the Union the jurisdiction over a job classification with less wage rates, there will be no change in the wage rate for such classification.

ARTICLE 30

Effective Date and Duration of Agreement

- a) This Agreement, including Schedule A, Addendum and Memorandum of Understanding will become effective on August 1, 2010 unless otherwise provided herein, and shall remain in full force and effect until July 31, 2015, and from year-to-year thereafter, unless either party shall at least sixty (60) days, but not more than ninety (90) days prior to July 31, 2015, or any subsequent anniversary date, notifies the other party in writing of any proposed changes or modifications of this Agreement.
- b) If either party gives notice as aforesaid to the other, then within twenty (20) days of the service of said notice, representatives of the Employer and of the Union shall meet and shall negotiate such proposed changes without unnecessary delay.

c) If the parties are unable to satisfactorily conclude negotiations, this Agreement and any supplements thereto may be canceled by either party upon giving a sixty (60) day written notice to the other. All terms and conditions of this Agreement, and any supplements thereto, will remain in effect during this notice period.

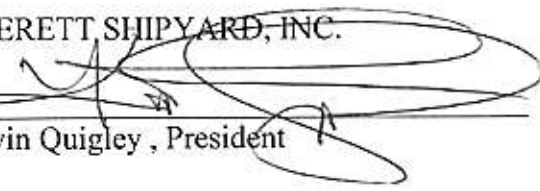
ARTICLE 31

Successor Clause

All of the terms of this Agreement are intended to benefit, and be binding upon, the parties' respective successors and assigns. In the event the Employer sells its assets or stock to any third party, or, by merger, consolidation, or any other means, transfers control of all or part of its business to a third party, then the Employer shall require that third party to be bound by each and every provision of this Agreement and that third party and the Union shall become signatory to it on or before the effective date of the transaction. The Employer shall provide written notice to the Union at least thirty (30) calendar days prior to the effective date of any sale, merger, consolidation or transfer.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this
3RD day of November, 2010 at Everett, Washington.

EVERETT SHIPYARD, INC.

By 
Kevin Quigley, President

PACIFIC NORTHWEST COUNCIL
OF CARPENTERS

By Robert M. Scott
Bob Scott, Organizer/Field Manager

By _____
Contract Administrator

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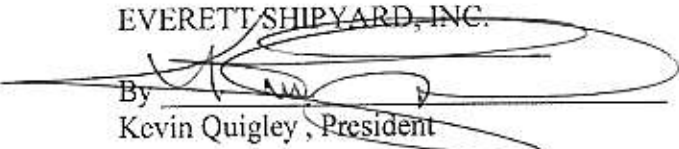
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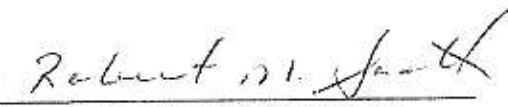
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By 
Kevin Quigley, President

PACIFIC NORTHWEST COUNCIL
OF CARPENTERS

By 
Bob Scott, Organizer/Field Manager

By 
Contract Administrator 

Schedule A

11/01/10 08/01/11 08/01/12 08/01/13 08/01/14

Before diversions/adjustments:

Pay Scale:

| | | | | | |
|----------------|--------|--------|--------|--------|--------|
| Journeyman | 24.125 | 25.425 | 26.725 | 28.125 | 29.525 |
| Journeyman 90% | 21.713 | 22.883 | 24.053 | 25.313 | 26.573 |
| Helper 70% | 16.888 | 17.798 | 18.708 | 19.688 | 20.668 |

Pension:

| | | | | | |
|----------------|------|------|------|------|------|
| Journeyman | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Journeyman 90% | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 |
| Helper 70% | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 |

Health Plan Contribution:

| | | | | | |
|-------------------|------|------|------|------|------|
| Base Contribution | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
|-------------------|------|------|------|------|------|

Diversions/Adjustments:

From Pay Scale to Health Plan 0.00

TBD (diversions at election of Marine Carpenters)

From Pay Scale to Pension:

| | |
|----------------|------|
| Journeyman | 0.10 |
| Journeyman 90% | 0.09 |
| Helper 70% | 0.07 |

TBD (Pension diversions to be adjusted per Article 23 and/or at election of Marine Carpenters)

Rounding (wage rates rounded to nearest penny):

| | |
|----------------|----------|
| Journeyman | 0.0050 |
| Journeyman 90% | (0.0030) |
| Helper 70% | 0.0020 |

After Diversions & Adjustments:

Straight-Time Hourly Wage (Pay Scale +/- Diversions & Adjustments):

| | |
|----------------|-------|
| Journeyman | 24.03 |
| Journeyman 90% | 21.62 |
| Helper 70% | 16.82 |

Calculated based on above diversions and adjustments

Pension:

| | |
|----------------|------|
| Journeyman | 2.10 |
| Journeyman 90% | 1.89 |
| Helper 70% | 1.47 |

Calculated based on above diversions and adjustments

Health Plan Contribution 6.00

Retroactivity:

All seniority and current employees shall be paid \$1.50 retroactively for hours worked from August 1, 2010 until the effective date of the foregoing Schedule A rates (November 1, 2010).

Work at Todd Pacific Shipyard's Seattle Yard and Puget Sound Naval Shipyard:

In the event Everett Shipyard, Inc. Employees are sent to work at Todd Pacific Shipyards' Seattle yard on jobs for which Everett Shipyard is working as a subcontractor to Todd Pacific Shipyards Corporation or to Puget Sound Naval Shipyard, they will receive the following wage premiums in lieu of any transportation or per diem reimbursement under Article 16:

- Work completed at Todd Pacific Shipyards Seattle on any WSF new ferry construction:
\$1.00 per hour
- All other work:
 - After 8/1/2010: \$1.48
 - After 8/1/2011: \$1.69
 - After 8/1/2012: \$1.94

New employees hired at the Journeyman 90% classification: Journeyman 90% employees shall automatically advance to Journeyman after the completion of 2,000 hours worked at the following yards: Duwamish Shipyard, Inc., MARCO Seattle, Pacific Fishermen, Inc., Foss Maritime, Everett Shipyard, Fishing Vessel Owners, Todd Shipyard Seattle, UNIMAR, Union Bay Shipyard or Lake Union Dry Dock. Employees having already worked such 2,000 hours shall be exempt from the Journeyman 90% classification.

Employees who are graduate apprentices from a formal Washington State approved JATC apprenticeship program shall be classified as Journeymen.

Note that the Union reserves the right to allocate any portion of increases in wage rates to Health, Welfare, and Pension (see article 23).

MEMORANDUM OF UNDERSTANDING

By and Between
EVERETT SHIPYARD, INC.
and
PACIFIC NORTHWEST REGIONAL COUNCIL OF CARPENTERS

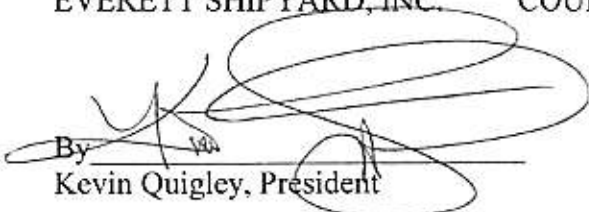
It is understood and agreed between the undersigned parties:

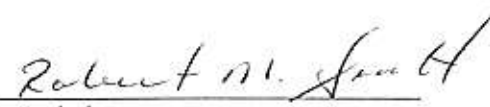
1. The following named employees of the Employer are owners, supervisors or office clerical employees within the meaning of the "Act" and they shall be permitted to continue their past practice of performing certain Bargaining Unit Work without being required to secure a membership in the Union: Floyd Waite, Ken Westford, Richard Eitel, Nick Eitel, Ken VanderVaate, Chris Newman, Al Favre and Tom Young.
2. The Employer shall continue (as is current practice) to have sole authority to allow a vessel owner to work with or without the Employer's employees on his own vessel while his vessel is in the Employer's yard or being worked on by the yard.
3. The Employer shall continue (as is current practice), if it so chooses, to subcontract work such as lagging, insulating, engine rebuilding, carpet laying, varnishing, or any other work it feels it is not fully equipped to perform or that it feels it does not have the right employees available to perform.

Signed this 3RD day of November, 2010, in Everett, Washington.

EVERETT SHIPYARD, INC.

PACIFIC NORTHWEST REGIONAL
COUNCIL OF CARPENTERS

By 
Kevin Quigley, President

By 
Bob Scott
Organizer/Field Manager

By _____
Contract Administrator

MEMORANDUM OF UNDERSTANDING

By and Between
EVERETT SHIPYARD, INC.
and

PACIFIC NORTHWEST REGIONAL COUNCIL OF CARPENTERS

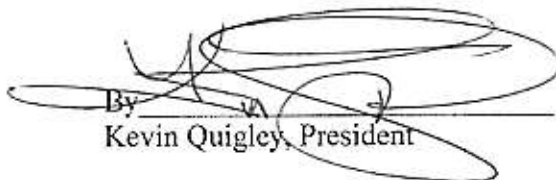
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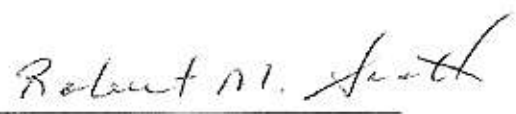
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EVERETT SHIPYARD, INC.

PACIFIC NORTHWEST REGIONAL
COUNCIL OF CARPENTERS

By 
Kevin Quigley, President

By 
Bob Scott
Organizer/Field Manager

By 
Contract Administrator
11/24/10